

(Washington, D.C.) – Congressman Tim Ryan (OH-17) today urged Secretary of the Department of Commerce, Mr. Carlos M. Gutierrez and Ambassador Susan C. Schwab, U.S. Trade Representative, to pressure China to extend its roll-back of tax rebates on steel products to include piping and tubing. While the roll backs announced by China are welcomed, the Congressman has asked that the Department of Commerce do more to get China to comply with its WTO responsibilities.

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“China’s policies on steel as well as other key sectors of its economy are completely at odds with the WTO and its responsibilities as a trading partner. Coupled with its misalignment of the Yuan, these policies represent unfair trade practices that must be addressed,” said Congressman Ryan. “I am calling on China to stop using these currency and tax games, and tear down these trade barriers.”

Congressman Ryan, along with Congressman Duncan Hunter (R-CA), introduced the Fair Currency Act of 2007, also known as the Ryan-Hunter bill, earlier this year in an attempt to address Chinese currency misalignment. The bill, which has garnered attention by key legislators tasked with setting trade policy, has 80 co-sponsors in the House. The bill has gained momentum in recent weeks and has many regulators on both sides of the Pacific talking about the current trade relationship between China and the United States.

Congressman Ryan went on to say, **"I believe that China sees the writing on the wall. China understands that this Congress is committed to taking action on the unfair trade balance between our two nations and is trying to do whatever it takes to keep us from taking real and substantial measures. I call upon the Department of Commerce and Ambassador Schwab to put pressure on China to do what is right in this case."**

Attached is a copy of the letter sent from Congressman Ryan to Secretary Gutierrez and Ambassador Schwab.

April 23, 2007

Secretary Gutierrez

U.S. Department of Commerce
1401 Constitution Ave., NW
Washington, DC 20230

Dear Secretary Gutierrez,

I am writing because of my serious concerns about China's tax rebates for steel exports as well as currency exchange-rate misalignment. I believe that China's tax and currency policies have a negative impact on working people in America and we must take action.

As you know, on April 11, 2007, China's Ministry of Finance and the State Administration of Taxation announced significant reductions in tax rebates provided by the Chinese government on various steel product exports. These changes impact a total of 83 steel product categories. For certain products, such as hot rolled coil, the tax rebate has been eliminated completely; for other products, such as cold rolled coil, the tax rebate has been significantly reduced. However, the Chinese government has elected to continue a 13% tax rebate for exports of steel tube products. This is unacceptable.

While I am pleased to see that China is beginning to do the right thing by reducing the levels of export subsidies, I believe that more needs to be done. The manufacture of steel pipe and tube products is a significant source of jobs and income within the U.S. steel industry. It is critical that this segment of the industry be treated fairly on a level playing field.

While I understand that it is not within your authority to modify Chinese tax law, I also realize that you have on-going relationships and interactions with the Chinese government. I am writing to urge you to encourage China to expand their recent reductions in export tax relief to include the elimination of tax rebates for pipe and tube exports. This step by the Chinese would go a long way toward demonstrating a genuine interest in promoting fair trade with the U.S.

In addition, I am writing with hope that you are working with China to address the critical issue of China's significantly misaligned currency exchange-rate. As you know, this misalignment is, in effect, a 40 percent subsidy provided by the Chinese government on all exports. It is critical that this issue also be addressed in order to ensure the U.S. manufacturing industry is treated fairly on a level playing field.

I believe that these are critical issues and represent an urgent matter. China's policies on steel as well as other key sectors of its economy are completely at odds with the World Trade Organization and its responsibilities as a trading partner. Coupled with their misalignment of the Yuan, these policies represent unfair trade practices. I strongly urge you to undertake every effort at your disposal to compel the Chinese to act in a way that does not unfairly hurt American manufacturers and their workers. I look forward to hearing your plans to address these issues head on with the Chinese government.

Respectfully,

Tim Ryan

Member of Congress